



Department of Energy
Acquisition Regulation

No. 91-5
Date AUG 06 1991

ACQUISITION LETTER

This Acquisition Letter (AL) is issued by the Director, Office of Procurement, Assistance and Program Management, pursuant to a delegation from the Secretary.

CONTENTS

<u>DEAR</u>	<u>TITLE</u>
915.971-5(d), (f) and (h)	Fee Schedules
970.1509-5(b)	Limitations

I. Purpose. The purpose of this AL is to provide updated guidance on implementing Department of Energy (DOE) fee policy as set out in the Department of Energy Acquisition Regulation (DEAR).

II. Background. On June 19, 1991, the Department issued a Final Rule (56 FR 28099) which adopted as final the Interim Final Rule, dated February 7, 1991, to amend contracting practices and fee arrangements with its profit making and fee bearing M&O contractors. The provisions of this rule are to be incorporated in all new M&O contracts with profit making contractors (at time of contract extension or reselection, or where the Government and incumbent contractor agree to do so prior to expiration of the current contract's term).

III. Guidance. Starting with FY 1992, all fee negotiation objectives shall be developed using the fee schedules incorporated in the above cited accountability rule. The fee schedules were updated to reflect the impact of inflation since the last update in 1983. This adjustment is applicable to all contractors, including those not subject to the new accountability rules.

Where M&O contractors covered by the new rules have chosen not to incorporate the new accountability provisions until contract extension, the performance adjectives, descriptions and fee conversion criteria in DOE Notice 4220.3, dated July 2, 1990, will apply. (Note: The Notice is currently being updated and will be extended another year.) The award fee portion of the negotiations shall be determined using the base/award fee ratio arrangements in DEAR 970.1509-8, Special considerations award fee, which were in effect prior to issuance of the accountability rule.

IV. Effective date. This AL is effective immediately upon its release.

V. Expiration date. This AL will remain in effect until all profit making M&O contractors have incorporated the provisions of the accountability final rule, or until rescinded or amended.